

# SUPPLYLINE



NEWS FROM MG MARKETING

## GROWER PROFILE. AVOGREY ORCHARD

For the love of Avocado. A labour of love is a term casually used to describe a life-time of hard work and dedication to a cause – because, in the end, it will all have been worth it.



David Grey and MG's Ian Reisma



David and Judi Grey



And that's exactly the motivation behind David and Judi Grey's 20-year quest to develop the perfect avocado – perfect in quality and perfect in taste – each and every time!

The couple's property, "Avogrey Orchard" - situated 16km out of Gisborne - is home to almost a century of avocado history - David's father was the pioneer of avocado growing in New Zealand. While David and his wife Judi have spent the past 50 years keeping his legacy alive, the past 20 of those years has been devoted to creating their own legacy, both for family and the industry as a whole.

"The popularity of avocado may have taken off in the last decade but we're a still a nation fixated on a black-skin avocado", says David, "It's a reflection of the domination of the Hass avocado among commercial growers world-wide for almost 90 years. We haven't moved on much in all that time. We've been slow to evolve, develop new IP and adopt new varieties."

"No other industry would stagnate for near-on a century, so we decided that it was time to step up!"

Judi believes that Kiwis need to change their thinking around what's a good avocado ripe for the eating – from what colour it should be, how to test for ripeness, through to how to handle it once it's home on the kitchen bench.

David and Judi's foray into producing the perfect avocado began in earnest in the '90s when they started experimenting with the Sharwil variety out of Queensland, Australia. A green-skin fruit, David considered Sharwil to be the 'Rolls Royce' of avocado – perfect in shape and colour, that doesn't brown when cut, devoid of that stringy texture typical of the Hass variety, with a lovely buttery flavour - but is a tree that doesn't crop well. Their challenge was to retain these superb qualities and improve on the productivity.

The experiment began with a modest 25 Sharwil seedling trial, with the trees left to adapt to the local climatic conditions and pollinators that occurred naturally in the region.

Fast forward to today, and GreyStar, Eclipse and Titan are three new strains of a green skinned avocado developed from Sharwil and set to take avocado-lovers by storm. Names

inspired by outer space reflect their 'out of this world taste experience' says David.

Typically fruit size is larger than the Hass variety, but they have the same characteristics as the Sharwil parent and are simply huge on flavour."

"When the consumer chooses a Hass avocado off the supermarket shelf, they hope they have a good one in that the inside will live up to the promise of the outside! The difference is with these (varieties), you know you have a good one", says David.

Application for Plant Variety Rights for GreyStar and Eclipse has been successful, with an application currently registered with the Intellectual Property Office for Titan.

Trees for each of the varieties are producing fruit anywhere from three to five years after planting. Local nursery, Riversun, has assisted the Greys in the venture, propagating all three varieties on their behalf.

Recently, interest has been expressed from nurseries in Australia, South Africa and the USA, around the propagation opportunities and as this article goes to print, the Greys are

in negotiation with a Queensland nursery around licensing for GreyStar, Eclipse and Titan in Australia. "Other countries are sure to follow", says MG's Ian Reisma.

David and Judi's only regret is that they didn't start developing the next generation avocado ten years earlier. Now in their 70s, they're unlikely to reap the full commercial fruits of their labour, but then again, they did it for love. And the legacy they're gifting avocado lovers out there is huge. As David would put it – never have a disappointing avocado again – ever!

With people lining up outside the gates of the orchard and customers of their preferred retailer – Bengo and Co Greengrocers in Nelson – shop owner, Colin Bengo, on the main high street of Nelson asking if there are any of 'those special avocado' around, then you have to say they're already living up to that promise.

## PROCUREMENT PROFILE. ROB HOLLIER NATIONAL PROCUREMENT MANAGER - HAWKE'S BAY

Just like many others who walked through the doors of the industry to take up a summer holiday gig, Rob Hollier never left. He says it got in his blood from day one." And for the last 11 years he's settled in the world of MG.

Thirty-two years on, fruit still dominates most of his waking hours, except to say that he's migrated up the food chain somewhat to lead procurement for MG's Pip and Summerfruit in the North Island. In a consumer fickle world, summerfruit is proving to be a category that consumers can't get enough of. Both the industry and MG have invested a great deal in the development of a long-term strategy for this category and according to Rob, it's paying dividends.

"This is an enormously exciting time for both growers and consumers" says Rob. "There's been a lot invested in IP development in recent years. The varieties we have on offer take the old stone fruit offering to a whole new level of increased yield, superior appearance, fantastic flavours and awesome shelf life."

"Our growers are now producing some of the

very best summerfruit in the world and the consumer is loving it! The better the fruit, the greater the demand, and if we can keep yields up, the better the returns."

Hunny Nectarines and Peaches are perfect examples of this. They're sweet and consumers simply can't get enough of them. It's been a category best-seller since it first landed on retail shelves six years ago.

Getting enough of the very best of what growers are producing is ultimately what keeps Rob Hollier going. He's a man of few words, but he certainly loves the chase of representing the best growers producing the very best varieties in return for the very best price for their efforts and investment in taking the humble stone fruit to the next level.



## Board Profile.

Mark O'Connor



Mark O'Connor is well-known for his business acumen in growing horticultural and land-based operations into thriving businesses. He is a director and shareholder of Appleby Fresh, a family-owned market garden on the Waimea Plains, near Nelson,

and serves on the Board of Vegetables New Zealand Incorporated and the board of Waimea Irrigators Limited. He understands risk and the importance of risk mitigation, and he understands that without risk, rarely is there growth.

As a member of MG's Board of Directors since 2014, Mark is very much of the belief that the modern-day board should be a composition of complementary business, industry and people skills. He has been resolute in ensuring the grower's voice is always at the table, providing a very real perspective to decision-making and the long-term planning of what is now close to a billion-dollar company.

Mark is also adamant about the value of relationships in building success and prosperity.

"MG is a well-run wholesale marketing company in New Zealand. There are a host of reasons for this but the key one is that our people work tirelessly at relationships."

"We're a co-operative and our growers and our customers all trust us to make decisions in the best interest of their futures, day in and day out. Our biggest challenge is to ensure we don't abuse that trust and continue to take the right risk at the right time to ensure the long-term sustainability of the smaller growers while continuing to grow as a company."

## GDA Improving

Business Efficiency



If you would like to know more about this or would like to discuss how the GDA programme could benefit your operation, please contact Ian Reisma from MG's procurement team. 021-749-644

## BRANCH / STAFF ARTICLE. JASON ROBERTS ASSISTANT BRANCH MANAGER - CHRISTCHURCH

Jason Roberts has been working for MG since before the current Christchurch branch office was even built. Starting out in banana ripening, Jason says he's worked in "almost every department. "



29 years later, he is now the Assistant Branch Manager and the regional Account Manager for Countdown and the National Account Manager for Fresh Choice/Super Value.

Unsurprisingly, his two roles keep him incredibly busy. Visible in the office 5 days a week, Jason is on deck 7 days a week, delivering the level of service to customers that MG is renowned for and supporting the branch team in the delivery of their respective roles.

The planning and execution of promotional activity at a retail level is a key part of Jason's brief. He works closely with the MG procurement team helping to develop promotional activities for both his accounts, endeavouring to develop the best possible programs.

In his time in the industry Jason has seen huge changes

in how things are done. The move from a pure auction system to current practices, and the widespread impact of food safety legislation and compliance on the horticultural industry are just a few of the changes Jason has had to respond to. As an individual, he has been instrumental in determining how MG has navigated its way through the last 30 years.

Although he is often working long hours at night and throughout the weekends facilitating customer orders, Jason has remained hugely committed to the industry.

As he puts it, "The industry continues to evolve and it keeps it interesting. You're either in it [the industry] for a year, or you're in it for life."

## STANDPOINT.

# THE UNINTENDED CONSEQUENCES OF DOING THE RIGHT THING

It's time to press pause, regroup, and reimagine how we protect our environment as an industry.



For anyone who keeps abreast of public debates, it will have been difficult to miss the conversations around environmental sustainability that are dominating our news media. Certainly, the removal of plastic bags in our supermarkets, and Countdown's removal of plastic straws from their shelves, has brought the conversation into our day-to-day lives. As our industry looks forward, we are now faced with the question of not only how we ensure the sustainability of our industry as a whole but how we respond to the growing call for sustainable practices and packaging.

The question that arises for growers is far more complex than for the general public. Issues regarding food safety and distribution shape our practices, and for a long time plastic, including labels, has been a standard solution for our industry. This is not to say that many of us do not understand the need for more sustainable practices, we do, and many of us support them. However, in industries such as ours there are unintended consequences that arise from 'doing the right thing.' In order to avoid these we must address concerns and work together to develop mitigation strategies while achieving greater environmental sustainability.

One of the biggest issues, in my view, is the lack of a national strategy around plastics and waste management. The sitting government is increasingly concerned with making changes, with no real extended strategy as to how to do that. As a result, we are often left to make these decisions ourselves, without the guidance of legislation and leadership of government. As a result, there is a huge lacking in context and a wider understanding of the business environment.

The biggest question, therefore, that we as an industry must ask is whether or not we have invested in the right infrastructure to support an environmentally friendly business environment, especially in regards to packaging. Furthermore, we must question whether we are ready to

make such massive changes nationally. If we rush into creating a new system without the right support, forethought, or legislation then we may end up creating another problem for ourselves further down the line.

We need a national strategy, supported by government legislation and investment with a focus on developing the required infrastructure and a commitment to education across the industry, businesses, and consumers. Certainly, from a grower's perspective, without the proper consultation and the context that would give, any change could add yet another layer of cost - both personal and financial - to our industry. We need to ensure the changes we make are the right changes before we can expect growers, and the wider horticultural and agricultural industries to align their business practices accordingly.

This is an opportunity for New Zealand to lead the world in an issue we are all grappling with. However, we run the real risk of circumventing business sustainability in the name of environmental sustainability. It is time for us to pause, take stock, regroup, and reimagine this conversation for the benefit of our industry, and the environment.

*Peter Hendry*

Peter Hendry  
CEO

## HEALTH & SAFETY. FOOD SAFETY AND WHY IT MATTERS

The recent needle scare in Australian strawberries, underlines the heightened importance placed on food-safety. Given the thousands of incomes and livelihoods that depend on the safe supply and sale of fresh produce in New Zealand it is paramount we have systems in place to diminish the likelihood of issues like the strawberry scare occurring.

Fortunately, New Zealand has been at the head of the pack in finding and implementing ways to circumvent tarnished produce from impacting heavily on producers, the New Zealand public, and our global supply chains.

The Food Act 2014 created legislation that guided practices in relation to food production and safety. Its purpose is three fold:

1. Minimise and manage risks to public health
2. Provide certainty for food businesses in how the Act affects their activities
3. Ensure those who trade in food take responsibility for the safety and sustainability of their produce.

Recently, the Food Safety Law Reform Bill came before parliament and was passed in February 2018. While it has not changed the core purpose of the Food Act it has, and will continue to, impact on the trading practices of growers and packers. It has been amended to improve the "alignment, operation and design" of the 2014 Food Act in order to better protect and maintain New Zealand's reputation as a "supplier of safe and sustainable food."

These changes come after the 2013 Whey Protein Concentrate (WPC) Contamination. The extensive tracking and recall that occurred as a response to the possibility of contamination of WPC was expensive, and it eventually established that the

products were not contaminated. As a result, the inquiry suggested a need to for better legislation especially in relation to the ability of the Government to trace food to their source.

### How Will This Affect You on a Day-to-Day Basis?

Many of the amendments to this Act are related to crisis – what happens when food is contaminated etc. However, there are a few key changes that will affect growers and packers on a day to day basis.

1. All food producers, including growers and packers must have effective traceability systems from planting, harvesting, packing and distribution.
2. All food producers need to register with MPI by the 28th of February 2019 and be verified by the 28th of February 2020

### Ways to Register

- NZGAP/Global Gap can provide registration for Growers and Packers
- Registration with Local Council
- Directly with MPI – primarily for multi-site businesses (crossing council boundaries)

Not registering is an offense that is punishable by a fine of up to \$20,000 for a company or \$5,000 for an individual.



## COMPANY NEWS. DOLE AND MG

MG celebrated a business association with Dole spanning 25 years this November.



First Dole shipment in New Zealand



Over 27 years ago imports were regulated into New Zealand and controlled through Fruit Distributors Limited (FDL), which MG held shares in. MG's ability to grow and profitably market imported fruit and vegetables was extremely hampered by the controls imposed by FDL and the recent arrival of Chiquita bananas, following deregulation in 1991.

By September 1993 MG's position had become untenable and so severed their ties with FDL, establishing a supply agreement with the Dole Food Company. MG were now independent and able to supply customers the length of the country – this commenced one of the enduring import supply relationships in this market.

The first shipment of Dole bananas and pineapples arrived into Wellington on the Yoshino Reefer, November 1993. At this stage MG held a 16.7% share of the banana import trade, today the partnership is the leading importer holding over 40% share.

Dole also supply a range of other tropical fruit and vegetable lines, of most significance is the consumer favourite "Tropical Gold" branded pineapple.

In early 1995 Dole Food Company purchased Chiquita Brands New Zealand Ltd (Chiquita), following a long period of deflated banana prices and losses for the supplying companies. This culminated in the formation of the Partnership Agreement which stands today – MG acquired the former Chiquita business from Dole and all the banana ripening assets were consolidated

into a joint venture ripening partnership.

During the partnership there have been many challenging periods – the relationship has succeeded through its ability to work together and adapt to changing market conditions. Some things don't change, however, and Dole remain focused on delivering a high-quality product to New Zealand consumers on a consistent basis.

Today Dole is the largest selling proprietary produce brand in the New Zealand market. Dole have been true innovators, the Bobby banana prepack and a sweeter tasting pineapple variety being notable examples.

MG is proud of its association with Dole and the important role the supply and brand plays in our ability to be a leading provider of quality produce and service to our customers and consumers.



## H&S / HR. PUTTING H&S INTO PERSPECTIVE

New Zealand law has always been explicit about the business owner's responsibility to protect people in the work place, yet it would be fair to say that our behaviours around health and safety have taken some time to come close to matching the rigor of the law; particularly within the agricultural and horticultural sectors.



With the rate of serious injury and fatalities on the rise in these sectors, you have to ask why many in our industry do little more than afford it lip service.

Al McCone, Agriculture Engagement and Implementation Manager with WorkSafe New Zealand, believes that the reason lies in the general misunderstanding of the law, the pervading attitude that injury is the fault of the individual, and the emphasis placed on compliance rather than best practice.

"One of the biggest problems we have in keeping people safe is that there's frequently no system of 'who, what, where, when' in our workplaces, especially in smaller businesses where so often the mindset is on just pushing through and getting the job done", says Mr McCone.

"The agriculture and horticulture industries are defined by small operations with contractors sometimes brought in at peak times of activity. Staff are generally expected to be a 'jack of all trades' so frequently what happens is that work is scheduled around the 'ideal person', often without due care to workloads, scheduling of work, fatigue, or proper maintenance of equipment."

Al believes that this lack of context around planning of work doesn't make allowances for short-cuts and

for people making mistakes. The end result is not only a potentially un-safe work place, but a costly one.

"In the agricultural sector, alone, 600-700 people are off work every day for at least a week due to injury. This is a huge cost to business and with small businesses typical of the horticulture sector, it has an enormous impact financially."

"We need to change the conversation from it being about someone having done something wrong to this (H&S) is simply good business practice which can make our business more profitable."

Al encourages small/medium businesses to look at the risk ignoring health and safety poses to their business, then look to eliminate that risk, or find ways to mitigate against it. At the very least, understanding where the risks are that could result in serious harm and injury allows you to do something practical to remove the risk altogether or make provision for keeping someone safe while exposed to that risk.

"People who employ other people are responsible for the safety of other people while at work. Full-stop."

For online resources around health and safety visit keep safe, keep growing // [horticulture.nz](http://horticulture.nz)

## INDUSTRY. COMPETING FAIRLY IN BUSINESS

Not all is fair in love and war – beware of the laws of competition. Competition in the horticultural industry is something we all manage on a daily basis, and the vulnerability around supply and demand is perhaps one of the most challenging aspects of the sector. From time to time, it's prudent to remind ourselves of the key 'no-go' areas around doing business in a competitive marketplace.

The laws of competition are not always black and white, and it would be fair to say that in the past there has been a degree of ambiguity around what's considered to be fair play, and not. However, The Commerce (Cartels and Other Matters) Amendment Bill of 2012 is of particular relevance to our industry.

When considered in the context of supplying fresh produce for the purpose of resale, The Bill clearly identifies four key areas that would be considered to be a deliberate breach of the law **They are:**

**1. Price fixing.** Whereby competitors agree what price to charge for goods, to avoid competing with one another. This could arguably result in customers having to pay a higher price, all round. Price discount rebates and other purchase incentives potentially fall into this category.

**2. Output restrictions.** Whereby competitors agree to prevent, restrict or limit production, creating an artificial shortage in supply which in turn pushes up the price for the customer.

**3. Market allocation.** Whereby competitors allocate customers to specific suppliers or geographical areas.

**4. Bid rigging.** Whereby agreement is made among competitors about how much each will bid prior to the auction or tender.

The fines associated with breaking competition laws can be significant – up to \$300,000 for companies and up to \$100,000 for individuals, let alone the reputational damage associated with such behaviours.

**Like all laws, there are exemptions. Such exemptions apply to companies where there are:**

- vertical supply arrangements
- joint buying and supply agreements
- collaborative activity

These exemptions are helpful, but do not apply in all cases. Again, we suggest that growers seek advice if necessary or if they have particular concerns.



For more information visit [www.comcom.govt.nz](http://www.comcom.govt.nz)

## GROWER PROFILE. MASTERS PRODUCE

Masters & Sons is a third-generation market garden business which once incorporated both growing and retail operations in the Pukekohe/Bombay region. For a long period, the Masters' family ran Auckland's most iconic green grocer, located on State Highway 1 at the top of the Bombay Hill.

Collectively, the family has weathered many changes in the industry by adapting to shifts in market conditions, supply and demand dynamics and by incorporating their innate ability to anticipate in their business planning.

Recently, the reins have been passed from brothers Narandra and Pravin Masters to their sons. Jayant Masters now manages the business function and his cousin Mahesh focuses on the growing side of the operation; although both Narandra and Pravin remain involved in an advisory capacity.

While the change in guard has seen a continuation of the values that have stood the Masters' business in good stead for 67 years, it has also seen a new focus on developing the business for what the industry will look like as it gears itself up to satisfy an ever-changing composition of society and an increasingly sophisticated consumer.

"More so than ever before, the industry needs to be consumer ready," comments Jayant Masters.

"The traditional push model that the industry has worked around just doesn't work effectively in today's environment. We're living in a truly diverse society with a vast range of taste and consumption preferences, we're shopping more frequently, there's a growing emphasis on eating fresh and consumers are generally becoming savvier around what they eat."

Not surprisingly then, diversification, investment in IP and innovation, and strategic partnerships are the key pillars driving the business forward.

"MG has played, and will continue to play, an integral part in our ability to deliver our overall future strategy. They have one of the most efficient marketing networks in the country, allowing us access to a national consumer and not just a regional market that might have been ok in the past."

"They're (MG) a fantastic facilitator and they put huge effort into helping growers work collectively to leverage off their collective strengths without forsaking their own

marketplace advantages through coordinated planting programmes, harvest schedules, and other integral initiatives."

"We've only been producing broccoli for four years. In this time our output has quadrupled through MG, simply because of their ability to leverage markets at the right time."

The Masters operation has also been working closely with MG for the past few years around product innovation that Jayant believes will help his business not only stay ahead of the consumer but lead the next wave of consumer demand.

"Today's challenge that we all face is letting go of what's worked in the past and developing an industry that fits with the future."



MG's Neil Bridgens and Jayant Masters

